

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
SEPTEMBER 15-16, 1997
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

A Regular Meeting of the Illinois Gaming Board ("Board") was held on September 15 and 16, 1997. On September 15, the Board met at the Milk Pail Restaurant in East Dundee, Illinois.

The following Board Members were present: Members William B. Browder, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph Haughey, Kevin Lockhart and Thomas Swoik, Legal Counsel Mareile' Cusack and Mac Ryder, staff members Roger Shiels, Kathy Spain, Christine Takada and Nick Wilke.

At 8:40 p.m., the meeting was convened and Member Browder moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (11) and (14) of the Open Meetings Act, to discuss Litigation and Investigatory Matters.**

Member Pyatt seconded the motion. The Board adopted the motion by unanimous consent. The Board adjourned at 9:25 p.m.

On September 16, Members of the Board gathered at 8:00 a.m. at the Grand Victoria Pavilion in Elgin, Illinois. The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph Haughey, Kevin Lockhart and Thomas Swoik, Chief Legal Counsel Mareile' Cusack, other members of the staff, the media, the general public and interested parties.

The Board, staff and other interested parties were given a bus tour of downtown Elgin and outlying areas. The tour was narrated by Rick Jakl. Nancy Fishman, Executive Director of the Grand Victoria Foundation, provided Board members with an overview of the Foundation's work and organization. Brief presentations were also given by Karen Fox of School District U-46 and Stuart Wasilowski, Executive Director of Neighborhood Housing Services ("NHS"). School District U-46 received a \$193,750 grant from the Foundation and NHS is the recipient of a \$500,000 Foundation grant.

Following the tour the Board convened at the Grand Victoria Pavilion.

At 10:30 a.m., Chairman Johnson called the Board to order and Member Pyatt moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

1. Issues Concerning Applicants and Licensees
2. Recommendations of Administrative Law Judges
3. Litigation
4. Investigatory Matters
5. Personnel Matters
6. Closed Session Minutes

Member Browder seconded the motion which was adopted by unanimous consent.

The Board reconvened in Open Session at 12:40 p.m.

Chairman's Report

Chairman Johnson thanked the local officials and Grand Victoria personnel for its hospitality and informative morning session. The Chairman also thanked the Secretary of the Board for coordinating the logistics of the Board's two day session.

Chairman Johnson stated that on July 29, 1997, SIRCC requested initial consideration for a proposed amendment to a senior credit facility. SIRCC has requested that this matter be deferred for final consideration until the October meeting.

Empress Casino - Joliet requested that its proposed hotel expansion project be deferred to a future meeting while revised plans for the project are finalized. Empress had also requested approval of a preventive maintenance "Cruising Waiver". The Chairman reported that Empress was able to complete needed preventive maintenance of its Empress II engines during a period when other mechanical difficulties prevented the vessel from cruising. No further action was required of the Board.

The Chairman stated that the Board will hold its October meeting at its usual location in Chicago. Chairman Johnson announced that Byron Cudmore was sworn in earlier in the month as a U.S. Magistrate Judge. The Board wished Member Cudmore all the best in his new position. Chairman Johnson noted that Governor Edgar has not yet nominated a new Board Member.

Board Minutes

Member Pyatt moved **that the Board approve the minutes from the open and closed sessions of the July 28 and 29, 1997, regular meeting.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the Closed Session minutes of the Illinois Gaming Board from October, 1996 through July, 1997, for which the need for confidentiality no longer exists, be made available for public inspection as required by the Open Meetings Act.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Administrator's Report

Administrator Belletire summarized the following monthly statistical reports for the months of July and August: Adjusted Gross Receipts; Underage Patrons; Cruise Disruptions/Cancellations; Credit Issuance; and, Internal Control System changes.

The Administrator also reported that:

- Governor Edgar issued an Executive Order establishing limitations on the acceptance of gifts and hospitality by appointees of the Governor and state employees under the jurisdiction of the Governor. The Administrator provided a copy of the Order to Board members, all agency personnel and to General Managers of owner licensees.
- The U.S. Court of Appeals for the 7th Circuit issued a ruling in the Vinson v. Casino Queen case. The Court affirmed the trial court's ruling that Vinson is prohibited from claiming "treble damages" from Casino Queen under the Illinois Gambling Loss Recovery Act.
- Mr. Tom O'Donnell was appointed as Senior Vice President and General Manager of Harrah's Casino Joliet.

Chairman Johnson, with leave of the Board, altered the printed order of business before the Board and directed that the owners-license renewal presentation be taken up as the final items on the agenda.

Owner Licensee Items

EMPRESS CASINO - JOLIET - Michael Hansen, representing Empress, requested approval of Matthew McFadden as Chief of Surveillance.

Member Vickrey moved **that the Board approve Matthew S. McFadden as a Level 1 Occupational Licensee of Empress Casino-Joliet.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

ELGIN RIVERBOAT RESORT ("ERR") - Donna B. More, representing ERR, requested approval of John Meyer as Slot Manager.

Member Browder moved **that the Board approve John Martin Meyer as a Level 1 Occupational Licensee of Elgin Riverboat Resorts.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

CASINO ROCK ISLAND ("CRI") - Ron Wicks, representing CRI requested approval of Christopher Duncan as Director of Security.

Member Browder moved **that the Board approve Christopher P. Duncan as a Level 1 Occupational Licensee of Casino Rock Island.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

CIRCUS CIRCUS ENTERPRISES, INC. - David Belding, representing Circus Circus and ERR, requested approval of Glenn Schaeffer and Clyde Turner as Key Persons.

Member Vickrey moved **that the Board approve Clyde T. Turner and Glenn William Schaeffer as Key Persons of Elgin Riverboat Resorts.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensee Items

PAUL-SON GAMING - Member Pyatt moved **that the Board approve Charles Endy as a Key Person of Paul-Son Gaming.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licenses

Member Browder moved **that the Board approve 111 applications for an Occupational License, Level 2, and 343 applications for an Occupational License, Level 3, and deny 7 applications for an Occupational License, Level 3.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearings/ALJ Reports

Member Browder moved **that the Board, having reviewed the administrative record, adopt the Findings of Fact and Conclusions of Law as stated in the recommendation of the Administrative Law Judge and revoke the level 3 occupational license of Corey Franklin.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the Board, having reviewed the administrative record, adopt the Findings of Fact and Conclusions of Law as stated in the recommendation of the Administrative Law Judge and suspend the level 2 occupational license of Tammy Pinnell for 90 days.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the Board, having reviewed the administrative record, adopt the Findings of Fact and Conclusions of Law as stated in the recommendation of the Administrative Law Judge and deny Derrick Reid's application for an Occupational Level 2.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the Board deny the hearing requests submitted by Melissa Rice due to her failure to comply with Board Rule 3000.405.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Board Policy Items

Administrator Belletire stated that the draft rules presented to Board members at the July Board meeting received a number of comments from owner licensees. Two areas of concern were a deregulatory effort to authorize a category of an entity or individual known as a Marketing Agent and to limit the application of the term Junketeer. The rule has been changed to state that, a

“Marketing Agent will be a person or entity other than a Junketeer or an employee of a riverboat who is compensated by a riverboat gaming operation in excess of \$100 per patron per trip for identifying and recruiting patrons.”

The Administrator briefly covered the proposed rules whose sections have been amended, including: 3000.100, 3000.150, 3000.220, 3000.405, 3000.410, 3000.610, 3000.660, 3000.1070, 3000.1125 and 3000.1126. He also stated that a new Section, 3000.221, is proposed to be added.

Member Vickrey moved **that the Board approve for initial filing with the Secretary of State the proposed definitions and rules submitted by staff at this September 1997 Board meeting.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Chief Counsel Cusack reported that at the July Board meeting, the Board denied the hearing requests submitted by Empress Casino Joliet, one of its owners and several of its employees. Ms. Cusack stated that staff has had numerous discussions with Empress and the various individuals involved and determined that in the interest of eliminating any further litigation, staff has reached proposed agreements with various parties. Staff recommends that the Board accept the proposed agreements.

Member Vickrey moved **that the Board authorize the Administrator to finalize the terms of the settlement of the disciplinary actions against Viola Avants, John Matravers, Dennis Brown, Robert Kegley and Empress Casino-Joliet. Further, I move that the Board authorize the Administrator to execute, on the Board’s behalf, Consent Agreements with Dennis Brown, Robert Kegley and Empress Casino-Joliet consistent with the drafts of such agreements reviewed by the Board.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Owner Licensee Items Continued

ELGIN RIVERBOAT RESORT (“ERR”) - Richard Schulze, representing ERR, thanked the Board and staff for taking the time to tour its facility and the City of Elgin. Mr. Schulze introduced several members of the ERR organization and the following community leaders: Kevin Kelly, Mayor of Elgin; Mike McCoy, Chairman of the Kane County Chamber of Commerce; Jim McConoughy, Vice President of Economic Development for the Elgin Chamber of Commerce and acting Chairman of the Advisory Committee for the Grand Victoria Foundation (“GVF”); and, Nancy Fishman, Executive Director of the GVF.

Mr. Schulze discussed the last three years of ERR’s development. Mr. Schulze described how ERR has helped to transform Elgin physically and economically. He reported that the site of the Grand Victoria was constructed for \$120 million and previously was the location of unused property and vacant car dealerships. ERR has developed a partnership with the City of Elgin, Kane County, Kane County Forest Preserve and the State of Illinois.

Mr. Schulze further reported that ERR has created over 1600 new jobs, with 60% going to local residents and 35% of those jobs paying \$40,000 or more annually. Mr. Schulze stated that

ERR has an on-going commitment to boost local businesses and has spent \$70 million on purchases from local vendors and contractors.

Mayor Kevin Kelly stated that ERR has helped to regenerate and revitalize the downtown Elgin area. ERR is bringing in 10,000-11,000 people a day. In 1997, the City of Elgin will receive \$18-19 million of its \$160 million budget in gaming tax revenues and lease revenues which the City has used for infrastructure improvements. The City is also able to assist with construction and capital improvement projects in the downtown Elgin area by subsidizing various projects. Mayor Kelly commended ERR for being an outstanding corporate citizen and supports the renewal of ERR.

Jim McConoughy made further comments about community capital improvement projects fostered by riverboat gaming revenues. He stated that 13 major projects have been targeted over the last three years, with three to five projects scheduled every year after. Redevelopment will be complete in nine years. Mr. McConoughy stated that the Grand Victoria funds helped attract Motorola to the Elgin community and that with Grand Victoria's help, Elgin has begun the road to prosperity.

Monica Brubaker of New Life Printing and Services discussed her business relationship with the Grand Victoria. Ms. Brubaker stated that doing business with the Grand Victoria has allowed New Life Printing to add new staff, increase salaries and offer increased benefit packages and health care plans.

Mike McCoy stated that due to the partnership between Kane County and ERR, Kane County has enhanced economic development by improving educational programs and protecting natural resources. Mr. McCoy named various organizations and facilities of Kane County that have benefited from revenues received from the Grand Victoria.

Terri Porcaro, General Manager of ERR, addressed the Board and restated ERR's commitment to the City of Elgin, Kane County and the State of Illinois.

David Belding spoke on behalf of ERR's partners, Circus Circus and RGB, LP, and thanked the Board for visiting the Grand Victoria and the City of Elgin. Mr. Belding restated ERR's commitment to the letter and spirit of the Riverboat Gambling Act. Mr. Belding respectfully requested renewal of ERR's owner's license.

Chairman Johnson asked Mayor Kelly to address job growth within the central business district of Elgin. Mayor Kelly responded that Elgin has seen job creation in service related businesses. The Hispanic retail section has grown and downtown Elgin is evolving and change is occurring. He further reported that the broader Elgin community has grown extensively. Over the years, Elgin's economy which traditionally had been manufacturing or retail oriented has become diversified. Elgin has seen a growth in white collar jobs and the standard of living has increased due to the influx of jobs in the area.

Chairman Johnson also asked how the city has used Tax Increment Financing ("TIF") as part of the city's development plan and where the TIF areas are located. Mayor Kelly stated that there

are two TIFs in the City of Elgin: the South Grove Avenue redevelopment area (the 21 acres that the Grand Victoria is located on) and the Dundee Summit TIF (4 acres at the intersection of Dundee & Summit). Mayor Kelly also reported that the city has put \$2.5 million into the Dundee Summit TIF and has yet to see a return. Chairman Johnson asked if the downtown central business district has been considered for a TIF. Mayor Kelly stated that if a major investor were to come in and do land clearance and redevelop on a block by block basis the city would consider extending the TIF.

The Chairman asked Mayor Kelly to provide the Board examples of job creation in the central business district. Jim McConoughy reported that statistics show (up to mid 1997) an increase of 1,612 new jobs in the central district (excluding Grand Victoria employees). Occupancy in the downtown region is at an all time high at 72 percent and economic vitality is beginning.

Mr. McConoughy addressed Chairman Johnson's concerns about the Crocker Theater. Mr. McConoughy reported that the investor who purchased the Crocker Theater has raised the price of the property to a level that is beyond the threshold of what most prospective buyers will pay. The City is working with the investor to agree on an appropriate price for the building.

Mr. McConoughy stated that the City of Elgin tracks trades and building activity in the downtown area. About 62 buildings (of a 300 building area) transferred hands when ERR began building.

Member Vickrey stated that the Crocker Theater was a symbol held up to the Board in 1993 as an example of the problems of downtown Elgin. Member Vickrey asked Mayor Kelly for his thoughts and views on the future of the property. Mayor Kelly stated that if a solid private sector investor were interested in coming forward with a redevelopment plan, the city would be supportive and provide some type of subsidy financing. Mayor Kelly further stated that the Crocker Theater reflects what used to be wrong with downtown Elgin.

Member Vickrey expressed his disappointment in the lack of development of the Crocker Theater site.

Member Pyatt asked how the City defines and measures a visitor and how many visitors came through a day four years ago. Mr. Schulze stated, that the reference to 10,000-11,000 visitors a day, was a description of the admissions on the boat. Mr. Schulze stated that he will obtain statistical information from the tourism office for the Board.

ALTON GAMING COMPANY - Don Molloy, representing Alton Gaming, addressed the four items of concern raised at last year's renewal. Mr. Molloy reported that management and the accounting staff have worked to correct deficiencies set forth in the 1996 audit and proper controls have been put in place. Alton Gaming Company has committed to spend \$950,000 on renovations of its vessel. Most of the renovations are complete and the remaining portion will be completed over the next few months. Dining capacity increased when the 220 seat Eagle's View Lodge restaurant opened. The restaurant also has 180 seats on an outside deck. In conjunction with the City of Alton, a 600 space parking lot was built closer to the facility at the expense of \$750,000. Renovations totaling \$150,000 were made to the lounge area also.

In addition, Alton Gaming Company has committed to pay 50%, or up to \$150,000, for a study to be completed on the riverfront area by the City of Alton. A joint effort is underway to improve and create an integrated riverfront facility.

Mr. Molloy stated that the company has taken a new direction from being an acquisition and expansion company to an operating company.

Member Vickrey asked about the riverfront plans and flooding. Mr. Molloy reported that flood control work is currently going on along the East bank of the Mississippi and the levy. The new 600 space parking lot is on the dry side of the levy. The original parking lot which is on the wet side of the levy is not a part of the current levy construction.

There being no further business to come before the Board, Member Browder moved **that the Board stand adjourned.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 2:05 p.m.

Respectfully submitted,

Susan O. Weber
Secretary of the Board